

Amendments to HB 833

The amendments to HB 833 provide a balance of long term tax reductions and long term revenue measures. The amendments provide fiscal discipline and stability. Tax cuts for Montana residents and small businesses are paid for by asking non residents and out of state entities to pay taxes they owe on Montana income.

The amendments incorporate bills already considered by one or both houses of the legislature and incorporate the amendments to those bills that have been adopted with a few exceptions.

HB 529 needs to become a companion bill to HB 833 as amended in order to provide the reimbursement mechanism for local governments and schools for the reduction in business equipment tax.

Bills incorporated:

- 1) SB 139 Harrington: Provides \$400 homeowner tax rebate.
- 2) SB 220 Elliott: Abusive tax shelters, withholding for non resident sales of real estate and provides an \$80,000 exemption for business equipment
- 3) SB 120 Elliott: Clarifying the Taxation of Real Estate Investment Trusts
- 4) SB 138 Wanzenreid: Prohibiting Insurance Stuffing
- 5) SB 174 Elliott: Penalty and Interest, Info Sharing, Housekeeping and Audit Recommendations
- 6) SB 416 Kaufmann: Information sharing with the Secretary of State
- 7) SB 99 Harrington: Corporate Statute of Limitations
- 8) SB 210 Laslovich: Providing for Additional Energy Tax Credits
- 9) SB 439 Elliott: Mineral Withholding
- 10) SB 470 Elliott: Grantor trust reporting requirement
- 11) HB 108 Erickson: Withholding for lump sum retirement payments
- 12) HB 345 Lange: Renter Tax Credit
- 13) HB 147 Jopek: Require Hotel Intermediaries to collect lodging facility tax
- 14) HB 816 Erickson: Waters Edge election update

Exceptions to bills as they now stand

1. Making the renter tax credit under HB 345 effective for rent paid in 2006 and payable to taxpayers in 2007 and administered in conjunction with the SB 139 homeowner tax refund, with both of these measures preceding the ongoing homeowner and renter credit described in item 2 below. The credit will be effective for tax year 2007 taxes and rent and payable in 2008 on income tax returns for 2007. Married couple's tax credit is coordinated with the fiscal note so that it is applicable to households with adjusted gross income of \$45,000 or less.
2. Changing the current elderly homeowner and renter credit into a general homeowner and renter credit available to households of all ages, providing a maximum credit for households age 61 or less of \$400 instead of \$1,000 or those age 62 or more, and increasing the amount of the credit for all households for those regardless of age earning between \$35,000 and \$45,000 per year,
3. Changing the reduction in the "accumulation rate" of the late payment penalties in SB 174 and SB 514 such that the rate will fall from the current 1.2% rate per month to 1%, instead of to .5% per month, for fiscal balance and sustainability,
4. Making the permanent class 8 property tax reductions from SB 220 effective for property tax years after December 31, 2007 as specified in HB 529, and
5. Expanding the current class 5 treatment (3% class rate) for telecommunications providers (including wireless providers) to companies providing service exclusively to rural areas and towns with a population of 5,000 or less (up from 1,200), providing these companies with a 50% reduction in tax for 10 years on all equipment put into service after 1/1/2007, and clarifying that all other telecommunications providers will be taxed according to current law.
6. The provision to file liens electronically from HB 100 have been included.